

PROTECTION

Securing Your Financial Future



Securing your financial future is now more important than ever. We are continually being told about the pressures on state benefits, particularly pensions, as the welfare state has to adapt to an expanding and ageing population. As a result, more responsibility is being placed on you, individually, to make the most of your income and investments.

For those of us still working, without doubt our continued good health, and hence our ability to earn an income, is our most valuable asset. Nevertheless, many people take this most valuable asset very much for granted. What would you receive if, due to accident, sickness or long term disability, you were unable to work? Something from the State perhaps, but not a lot.

You probably insure various items in your home against the risk of breaking down, such as your washing machine, central heating or TV, but you may not have considered the possibility of insuring your income. Fortunately it is possible to do this at a very modest cost, compared to not having done so if illness or accident should strike. A variety of different

policies is available to provide either a lump sum or regular payments.

As independent financial advisers, we can take a close look at your particular circumstances and match the most suitable products to help you meet your goals. We are regulated by the Financial Services Authority and can offer you solutions from across the market place - we are not limited to just one or a small handful of providers. We can therefore put together a portfolio of investments or products to help you meet your specific requirements.

If you have any questions about your financial situation, would like a review of your options or simply wish to get an assessment of what is possible so that you can consider what to do next in more detail, please do not hesitate to contact us to organise an initial consultation.

Please contact your usual adviser for more information.

**Don't take the risk of ill-health
– let your insurer take it for you.**

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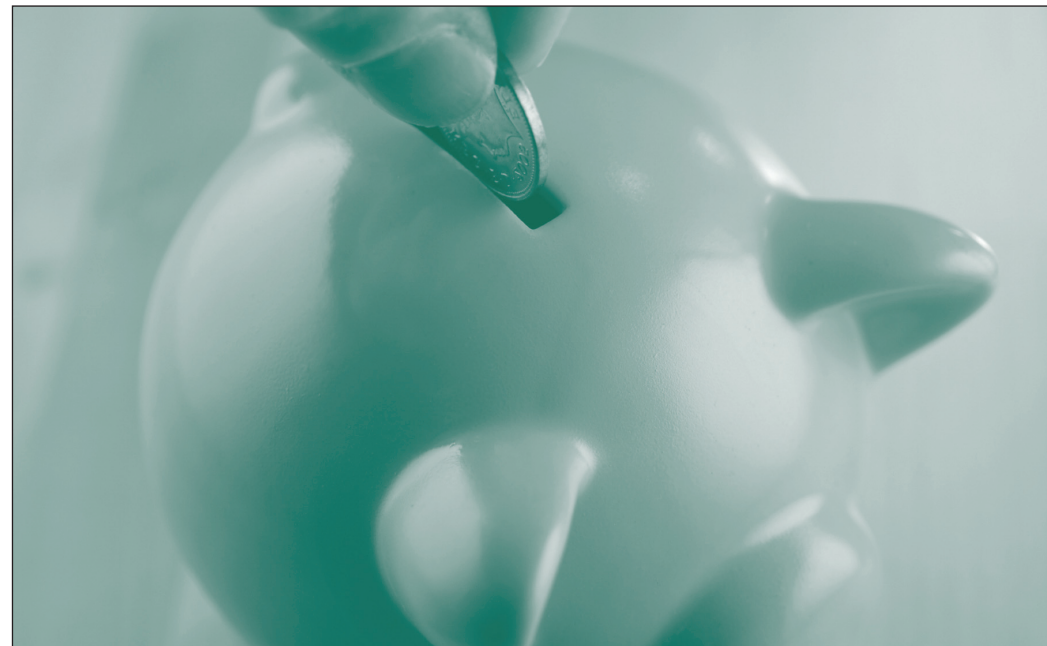


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NEWSLETTER

Spring 09

Options for Savers



Much has changed in the world of finance since our last newsletter in Autumn 2008. Who could have predicted that banks at home and abroad would have collapsed (HBOS, Lehman Brothers, Landsbanki) or that UK interest rates would have tumbled from 5% in September 2008 to just 0.5% by March 2009. This fall in interest rates might spell good news for

borrowers, but not so for savers who have witnessed plummeting rates on their bank and building society accounts. According to a survey conducted by Moneyfacts early in January, as many as 38% of savings accounts already paid interest of 1% or less. Many savers rely on interest payments to supplement their income, and are now looking for alternative

Yesterday, today and tomorrow

strategies that will generate income.

A cash ISA is one alternative, and although rates on cash ISAs are not necessarily much higher than rates on normal deposit accounts they do at least pay this interest tax-free.

Meanwhile, in an environment where UK interest rates have reached unprecedented lows, bonds (corporate bonds or government stock) might offer an opportunity to generate a stable income stream with less volatility than the equity market – and, having fallen heavily last year, bonds are considered well priced. It is possible to achieve yields in excess of 5% p.a. although please remember that your capital is not guaranteed and the value of the underlying fund can fall as well as rise.

As share prices have fallen, dividend yields have soared, increasing the attractions of equity income funds. Firms that pay high dividends tend to be established companies with stable businesses and strong balance sheets.

Admittedly, in the current climate, some companies are cutting or cancelling these dividends as they attempt to protect their profits from the economic downturn. Nevertheless, an equity income strategy allows investors to benefit from a relatively high yield whilst also giving their capital the opportunity to grow (although this cannot be guaranteed).

In addition there are some innovative income producing products available. For example, one product guarantees an income of 5% p.a. for life regardless of the fluctuations in value of the underlying capital, along with preferential tax treatment and the possibility of rising income in future. Others offer capital guarantees after five years. These products may not be suitable for everyone but they are certainly worth considering.

Please contact your usual adviser for more information.

RETIREMENT

Annuities – the Open Market Option



When you retire, it can be tempting to succumb to the first fixed rate, level annuity quote you receive. However, with the average life expectancy now between 80 and 85 years, your annuity might have to pay out for more than 20 years - and inflation could really impact your spending power over that time.

It is therefore sensible to shop around – and there are various options to choose from if you want to make the most of your money. For example, there is an index-linked annuity, which is tied to the rate of inflation, and there is also an escalating annuity, which rises at a fixed rate each year regardless of inflation. For the more adventurous, you could even link your income to the ups and downs of investments (providing you are prepared to take the risk). All of these options are likely to offer a lower starting income than the

equivalent level annuity, but over the long term your ability to afford the same lifestyle could be better protected.

Of course, your circumstances may mean a mixture of annuities is appropriate. Or, depending on your appetite for risk, and size of your fund, you might even have the option to defer the annuity purchase. If you can leave that until later in life, or if you suffer from poor health, the potential for higher income from a level annuity may outweigh other issues. Whatever you decide, make sure you shop around. You can't change your annuity once you've bought it, so pick the right one. If you are approaching retirement, make sure you contact your usual adviser to ensure that you make the most of your money.

INVESTMENT

Is it finally time for the bargain hunters?



Markets have plummeted over the past few months as the impact of the credit crunch has moved from a concept affecting only investment banks to the full reality of the high street. The FTSE 100 Index ended 2008 30% lower than it started and the economic downturn has left investor confidence at rock bottom.

However, for some analysts, this is an opportunity. Whilst there is undoubtedly more bad news to come, this is not the end for every company. It might take time and markets will remain volatile but the stronger companies will survive and eventually emerge in much better shape, with lower cost bases and perhaps even greater market

share. A well thought out investment made for the long term could also leave your finances in good shape.

Equity investment is not for everyone and your investment could go down as well as up, especially over the short term. However, if you are interested in considering your position in more detail, we can help.

We specialise in helping people make the most of their money and scour the market for the best investment products which can help you meet your objectives. If you would like to make 2009 the year you take the plunge, please give us a call.